

THIS PROPOSED RULE IS SUBMITTED FOR PUBLIC COMMENTS AFTER INPUT FROM INTERESTED PARTIES AND IS TO BE USED SOLELY FOR DISCUSSION PURPOSES AT THE PUBLIC HEARING ON THE PROPOSED RULE. UNDER NO CIRCUMSTANCES IS THIS PROPOSED RULE TO BE USED TO DETERMINE TAX LIABILITY AND OR EXEMPTIONS.

1 NEW SECTION

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3 **WAC 458-16A-150 Senior citizen and disabled person**
4 **exemption--Requirements for keeping the exemption. (1)**

5 **Introduction.** This rule explains how and when a senior citizen
6 or disabled person must file additional reports with the county
7 assessor to keep the senior citizen or disabled person property
8 tax exemption. The rule also explains what happens when the
9 claimant or the property no longer qualifies for the full
10 exemption.

11 (2) **Continuing the exemption.** The claimant must keep the
12 assessor up to date on the claimant's continued qualification
13 for the senior citizen or disabled person property tax
14 exemption. The claimant keeps the assessor up to date in three
15 ways. First, the claimant submits a change in status form when
16 any change affects his or her exemption. In some circumstances,
17 the change in status form may be submitted by an executor, a
18 surviving spouse, or a purchaser to notify the county of a
19 change in status affecting the exemption. Second, the claimant
20 submits a renewal application for the exemption either upon the
21 assessor's request following an amendment of the income
22 requirement, or every four years. Third, the claimant applies
23 to transfer the exemption when moving to a new principal
24 residence.

25 (3) **Change in status.** When a claimant's circumstances
26 change in a way that affects his or her qualification for the
27 senior citizen or disabled person property tax exemption, the
28 claimant must submit a completed change in status form to notify
29 the county of this change.

30 (a) **When to submit form.** The claimant must submit a change
31 in status form to the county assessor for any change affecting
32 that person's qualification for the exemption within thirty days
33 of such change in status. If the claimant is unable or fails to
34 submit a change in status form, any subsequent property owner,
35 including a claimant's estate or surviving spouse, should submit
36 a change in status form to avoid interest and in some cases the
37 penalty for willfully claiming the exemption based upon
38 erroneous information.

39 (b) **Changes in status described.** Changes in status
40 include:

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1 (i) Changes that affect the property (i.e., new
2 construction, boundary line changes, rentals, ownership changes,
3 etc.);

4 (ii) Changes to the property owner's annual income that
5 increase or decrease property taxes due under the program; or

6 (iii) Changes that affect the property owner's eligibility
7 for the exemption (i.e., death, moving to a replacement
8 residence, moving to another residence the claimant does not
9 own, moving into a hospice, a nursing home, or any other long-
10 term care facility, marriage, improvement of a physical
11 disability for a disabled person's claim, or a disabled person
12 entering into gainful employment).

13 (c) **Change in status form.** The county assessor designs the
14 change in status form or adapts a master form obtained from the
15 department. The county must obtain approval of the final form
16 from the department before it may be distributed. The claimant,
17 the claimant's agent, or a subsequent owner of the residence
18 must use a change in status form from the county where the
19 principal residence is located. The person filing the form must
20 provide true and accurate information on the change in status
21 form.

22 (d) **Obtaining the form.** The claimant or subsequent
23 property owner may obtain the form from the county assessor
24 where his or her principal residence is located.

25 (e) **Failure to submit the form after a change in status**
26 **occurs.** If the claimant fails to submit the change in status
27 form, the application information relied upon becomes erroneous
28 for the period following the change in status. Upon discovery
29 of the erroneous information, the assessor determines the status
30 of the exemption, and notifies the county treasurer to collect
31 any unpaid property taxes and interest from the claimant, the
32 claimant's estate, or if the property has been transferred, from
33 the subsequent property owner. The treasurer may collect any
34 unpaid property taxes, interest, and penalties for a period not
35 to exceed three years as provided for under RCW 84.40.380. In
36 addition, if a person willfully fails to submit the form or
37 provides erroneous information, that person is liable for an
38 additional penalty equal to one hundred percent of the unpaid
39 taxes. RCW 84.36.385. If the change in status results in a
40 refund of property taxes, the treasurer may refund property

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1 taxes and interest for up to the most recent three years after
2 the taxes were paid as provided in chapter 84.69 RCW.

3 (f) **Loss of the exemption.** If the change in status
4 disqualifies the applicant for the exemption, property taxes
5 must be recalculated based upon the current full assessed value
6 of the property and paid from the date the change in status
7 occurred. RCW 84.40.360. For example, the exemption is lost
8 when the claimant dies (unless the spouse is also qualified).
9 The property taxes are recalculated to the full assessed amount
10 of the principal residence on a pro rata basis beginning the day
11 following the date of the claimant's death for the remainder of
12 the year.

13 (g) **Loss of exemption on part of the property.** If the
14 change in status removes a portion of the property from the
15 exemption, property taxes in their full amount on that portion
16 of the property that is no longer exempt must be recalculated
17 based upon the current full assessed value of that portion of
18 the property and paid from the date the change in status
19 occurred. For example, a property owner subdivides his or her
20 one-acre lot into two parcels. The parcel that does not have
21 the principal residence built upon it no longer qualifies for
22 the exemption. The property taxes are recalculated to the full
23 assessed amount of that parcel on a pro rata basis for the
24 remainder of the year beginning the day following the date the
25 subdivision was given final approval.

26 (h) **Exemption reduced.** If the change in status reduces the
27 exemption amount, the increased property taxes are due in the
28 year following the change in income. For example, a claimant's
29 income rises so that only excess levies on her principal
30 residence are exempt. The claimant's income is based upon the
31 assessment year. The following year when the taxes are
32 collected, the property taxes due are calculated with only an
33 exemption for excess levies.

34 (4) **Renewal application.** The county assessor must notify
35 claimants when to file a renewal application with updated
36 supporting documentation.

37 (a) **Notice to renew.** Written notice must be sent by the
38 assessor in the year the renewal application is requested.
39 Notice must be sent no later than December 10th, three weeks
40 before the December 31st filing requirement.

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1 (b) **When to renew.** The assessor must request a renewal
2 application at least once every four years. The assessor may
3 request a renewal application for any year the income
4 requirements are amended in the statute after the exemption is
5 granted. Once notified, the claimant must file the renewal
6 application by December 31st of that year.

7 (c) **Processing renewal applications.** Renewal applications
8 are processed in the same manner as the initial application.

9 (d) **The renewal application form.** The county assessor may
10 design the renewal application form or adapt either its own
11 application form or the application master form obtained from
12 the department. The county must obtain approval of the final
13 renewal application form from the department before it may be
14 distributed. The property owner must use a renewal form from
15 the county where the principal residence is located. The
16 claimant must provide true and accurate information on the
17 renewal application form.

18 (e) **Obtaining the form.** The assessor provides this form to
19 senior citizens or disabled persons claiming the exemption when
20 requesting renewal.

21 (f) **Failure to submit the renewal application.** If the
22 property owner fails to submit the renewal application form, the
23 exemption is discontinued until the claimant reapplies for the
24 program. The assessor may postpone collection activities and
25 continue to work with an eligible claimant to complete an
26 application for a missed period.

27 (5) **Transfer of the exemption.** When a claimant moves to a
28 replacement residence, the claimant must file a change in status
29 form with the county where his or her former principal residence
30 was located. No claimant may receive an exemption on more than
31 the equivalent of one residence in any year.

32 (a) **Exemption on the former residence.** The exemption on
33 the former residence applies to the closing date on the sale of
34 the former residence, provided the claimant lived in the
35 residence for most of the portion of that year prior to the date
36 of closing. Property taxes in their full amount must be
37 recalculated based upon the current full assessed value of the
38 property and paid from the day following the date the sale
39 closed. The taxes are paid for the remaining portion of the
40 year. RCW 84.34.360.

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1 (b) **Exemption upon the replacement residence.** Upon moving,
2 the claimant must reapply for the exemption in the county where
3 the replacement residence is located if the claimant wants to
4 continue in the exemption program. The same application,
5 supporting documents, and application process is used for the
6 exemption on the replacement residence as when a claimant first
7 applies. See WAC 458-16A-135. The exemption on the replacement
8 residence applies on a pro rata basis in the year he or she
9 moves, but only from the latter of the date the claimant moves
10 into the new principal residence or the day following the date
11 the sale closes on his or her previous residence.
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